



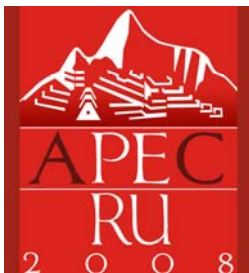
**Asia-Pacific
Economic Cooperation**

2008/TEL38/PLEN/026

Agenda Item: 9.2

LSG Draft Report

Purpose: Consideration
Submitted by: LSG Convenor



**38th APEC Telecommunications and Working
Group Meeting – Plenary Session
Lima, Peru
15-17 October 2008**

APEC TEL 38, Lima, Peru

Liberalization Steering Group (LSG) Agenda

1. Welcome and Introduction

Ms. Susan JOHNSTON welcomed delegates, and introduced herself as the new LSG Convenor, and introduced two Deputy Convenors, Mr. Massayasu NAKANO from the Ministry of Internal Affairs and Communications in Japan, and Ms. Geraldine LIM from the Infocomm Development Authority in Singapore. The Convenor thanked all participants for attending the meeting, and Peru as host for the excellent facilities.

The agenda was reviewed and adopted. Additional issues which would be discussed at LSG include:

- Consideration of the showcase projects to be proposed for the list of top 10 APEC projects
- Areas of LSG work which LSG may consider to be highlighted in Leaders' Statement.
- Sharing of Guide for APEC Project Proposal

2. Presentation on Recent Regulatory & Policy Developments in Peru

Dr. Patricia CARRENO Ferre

General Director of Regulation and International Affairs in Communications

Dr. Carreno provided an overview of how Peru's telecom marketplace has evolved, mapping both policy approaches with Peru's development indicators, reflecting the increasing fixed and mobile penetration at the time.

- Peru also introduced "*Guidelines for fostering competition and expansion of public services*", including the removal of access barriers, number portability, digital networks, etc. Peru's current stated objective is to achieve mobile teledensity of 80%, and a minimum of one million broadband connections, by 2011. The MTC seeks to realize these goals through public private partnerships, by fostering an environment to support private investment in infrastructure, and to develop effective regulatory frameworks.
- Amongst such policies is the Public-private investment: rural telecommunications projects (FITEL)
- Dr. Carreno updated on the measures taken to foster private investment and competition in the frequency band bidding of the 800MHz, 1900MHz, 900 MHz and 450MHz bands and some of the milestones of the frequency band bidding in progress.
- Dr. Carreno spoke on the development of regulatory framework. She mentioned that regulation precluded expansion and competition where there was over cost for infrastructure and in mobile industries, Likewise, there is lack of competition in mobile services and long distance.

The Convenor thanked Dr. Carreno for her presentation.

3. TELMIN 7: Outcomes and LSG priorities

- a) The LSG considered the TEL Chair's matrix designed to track progress in accomplishing the elements of the TELMIN 7 Bangkok Declaration.

- b) One element of the TELMIN 7 Bangkok Declaration was a reference to the role telecommunications and information networks have in contributing to regional economic integration. The LSG Convenor will discuss this issue with the TEL Chair, and will work with a small Oversight Committee (Deputy Convenors, Australia, the USA, and INTUG) to prepare a short document designed to serve this purpose.
- The LSG discussed the contribution that Virtual Private Networks (VPNs), and along with interconnection, can make to regional economic integration. The TEL has developed a survey on VPNs, as well as a compendium of resources on interconnection, and it will continue to revisit those two documents on an annual basis.
 - The APEC TEL MRA process may also add value to this report.

4. Discussion Session

- **Industry Futures Roundtable**, *Ernie NEWMAN, International Telecommunications Users Group (INTUG)*

This session focused on connectivity in rural and isolated areas, and the benefits that this connectivity, and access, could offer. Mr. Colin OLIVER of Australia expressed his appreciation for the sessions, and the presentations on issues which we may not have other opportunities. A copy of the written report has been uploaded separately.

- **Workshop on Stakeholder Engagement and Consultations** – Outcomes, *Ms. Anita DEY, United States*

A copy of this workshop report has been uploaded separately.

5. Information exchange

- a) **Update on organizational restructuring underway** (within ministries or regulators responsible for telecommunications and information in member economies) This agenda item emerged during some of our discussions at TEL 37, where we realized that several organizations within member economies were undergoing significant changes. Economies were invited to introduce their restructuring processes.

Update on organizational restructuring in China

Mr. LIU Ziping, of the Department of International Cooperation, Ministry of Industry and Information Technology (MIIT)

- Reform: organizational reform initiated under State Council in March 2008, designed to integrate and streamline Ministerial functions, increase efficiencies and decrease overlap, and strengthen social and public services. The Ministry of Industry and Information Technology (MIIT) is an important part of this reform.
- *Composition:*
 - Industry management functions (previously NDRC)
 - Former MII (excluding postal sector)
 - Former Commission of Science and Technology and Industry for National Defence (excluding nuclear power)

- Former State Council Informatization Office
- *Structure*: the new structure is comprised of three parts, including “General Departments” (10, including science and tech; policy and regulation; planning; international cooperation), “Industry Management Departments”, and “ICT Departments” (8, including: telecom regulation; telecom development)
- *Major functions of the new MIIT include*: formulate and implement plans, policies and standards for the industry sector; monitor routine industry operations; promote development and innovation of major technical equipment; regulate telecommunications; promote application of information technologies; coordinate information and network security
- *Ways ahead*: new path for industrialization in China: integration of informatization and industrialization (innovative technology, resource-efficiency, environment-friendly). Mr. Liu sees this as an opportunity to harness the potential of ICTs to promote broader industrialization processes in China. Mr. Liu noted that, while the structure is in place, the challenge itself is tremendous. For example, one starting point is integrating ICT into industries where it was not previously present.

Mr Liu highlighted that focus has been on ICT as itself. Move towards how and what ICT can do, in both the economic and social context. With the direction taken in TELMIN, it was suggested that APEC TEL can consider about application of ICT. The Convenor asked if the new structure is already in place or if MIIT is at its evolution stage? To this, Mr Liu elaborated that the decision to establish MIIT was in March 2008 and it took a few months thereafter to get all the functions in place. MIIT was officially ready in July 2008. The Convenor asked about the status of the restructuring. Actual integration of the various players took approximately three months, and the new MIIT was inaugurated in July, 2008.

Organizational restructuring in Japan

Mr. Daisuke KAWASAKI, Ministry of Internal Affairs and Communications, Japan

Mr. Kawasaki provided outlined the development of the current MIC structure. From 2001, the MIC organization included a “Telecommunications Bureau”, and an “Information and Communication Policy Bureau”, with a separate IT Policy Office situated within the Prime Minister’s Cabinet Office. In July 2008, the MIC established a new “ICT Global Strategy Bureau”, including technological affairs, international affairs, and convergence issues, with groups drawn from parts of the Telecommunications Bureau (e.g., Multilateral Affairs), and the Info Com Policy issue.

b) Major Challenges & Priorities within APEC Economies; Major Reviews (e.g., on competition policy, convergence, etc.)

Review of International Mobile Roaming Charges

Mr. Colin OLIVER, Department of Broadband, Communications and the Digital Economy, Australia

Australia is in the process of a parliamentary inquiry. Mr Oliver also referred to the statement made by the Australia Minister and EC Commissioner at APEC TELMIN 7 on the high international mobile roaming charges.

DBCDE commissioned KPMG to conduct a study where 4 key findings were highlighted:

- a. Consumers and regulators believe the price of international roaming is excessive
- b. Numerous technical studies have concluded that mobile roaming prices and margins are very high.
- c. There is a lack of consumer clarity around mobile roaming plans and prices.
- d. There are limited market incentives for roaming prices to decrease.

Colin Oliver outlined a number of considerations within, and conclusions from, the Australian study. Australia considered the EU approach in detail, whereby the EC introduced regulations to reduce tariffs for EU citizens roaming within EU countries. KPMG found that European carriers have increased the price of roaming calls into the EU and from the EU to elsewhere to compensate for the loss of revenue in Europe. The EC requirement also includes provisions for consumer information, including a voluntary code among regulators. This principle has generated considerable interest within Australia. Finally, he outlined some options for further exploration within the TEL, including information gathering, sharing results of reviews, and developing information for consumers. He asked economies to consider their relative dependence on mobile services.

c) Other APEC groups, and other organizations

Other APEC groups

- APEC Committee on Trade and Investment (CTI) – The LSG Convenor and CTI Chair have a tradition of exchanging information, in particular meeting agendas, meeting reports, and relevant documents. The TEL 38 agenda was sent to the CTI Chair, and the LSG Convenor will forward the relevant CTI documents to members of the LSG once they become available. Action item: the LSG will invite the CTI Chair to give a presentation at the LSG meeting at TEL 39 in Singapore.
- APEC Group on Services (GoS): A sub-committee of the APEC Committee on Trade and Investment, the “**Group on Services**”, is holding a workshop in Jakarta on October 28 and 29. The LSG has made relevant documents available to the workshop organizers. In addition, members of the TEL are welcome to attend the workshop, and some travel funding is still available for eligible member economies. Given that one of the two focus areas is telecommunications, it may be useful for the group to have a stronger presence of telecoms experts. The LSG also congratulates Peru, as Mr. Guillermo THORBERRY, Chairman of the Board, OSIPTEL, has agreed to be a speaker at this workshop. One or two additional economies are considering sending representatives. Action item: the Convenor will follow

up with interested economies, and will also explore further information sharing, to provide the workshop participants with material developed within the LSG.

Other organizations

- OECD: The OECD held a Ministerial meeting on the Future of the Internet Economy in June, 2008. The LSG was invited to review the Declaration, and its Annexes, for information purposes. In addition, the LSG Convenor met by phone with Mr. Dimitri Ypsilanti, who is responsible for the OECD CISP, the group most similar to the LSG. Action item: Members of the LSG were also invited to consider further, additional information exchanges
- ICANN: Mr. Pablo HINOJOSA, Manager, Regional Relations, Latin America, made a brief presentation: “Update on ICANN's new gTLD process” The presentation included an introduction to the DNS system and functions, along with the rationale for a new gTLD program within ICANN, and outlined the process for how it functions. A delegate from Peru noted that that as, some gTLDs are in place, such as DOT-AERO. Would this mean that there could be a DOT-APEC? It was confirmed that this was possible.
- Action item: members of the LSG are asked to consider whether there are other issues about which they would like to learn more, such that the LSG can explore inviting them as guests.
 - ASEAN – The LSG will invite a representative from ASEAN to TEL 39, in order to discuss policy and regulatory issues that would be of interest to members of the LSG.

6. Project Activity Reports

- a) Ms. Anita Dey elaborated on outcomes from the **Engaging Stakeholders and Consultations workshop** that took place yesterday, in order to outline possible future work that the TEL might undertake. Given the multiple outcomes arising from the workshop earlier in the week, Ms. Dey suggested compiling the outcomes into a document, possibly relating to “Best Practices in Decisions”. The group would seek to minimize the burden on participants by using the material provided. China asked for clarification on how the drafting, and validation, processes would work. He would recommend the development of a summary table to help convey information. Australia notes that this will provide a very useful capacity building resource. Action item: A drafting committee, consisting of the USA, with Australia, Canada, Singapore, and INTUG, will pursue this issue intersessionally.
- b) **Interconnection Issues** (Australia): Colin Oliver outlined the compendium of Interconnection resources and training materials that was prepared for the TEL/LSG and presented at TEL 36. Considerable material relating to traditional, telecommunications-related issues exists already, and other issues – for example relating to convergence, next-generation networks, and mobile networks, warrants further consideration. A delegate asked about whether the group is considering asymmetric charging for interconnection in rural areas. Colin noted that it is one of many tools that could be considered with regard to

universal service strategies. Mr. Massa Nakano commented on Japan's work on this topic, as NGN interconnection is still under consideration in Japan.

Action items:

- Australia has suggested that the group revisit the document in approximately one year.
 - The group agreed to include an agenda item on NGN interconnection issues on future agendas, in order that economies can exchange information on (a) related studies underway, and (b) outcomes of any studies.
- c) **Universal Service Strategies:** Richard Brown re-introduced the survey, and noted that, following a discussion with the delegation from the Philippines, it would be developed as an input to the workshop proposed for TEL 39. Action item: Australia will follow up with TEL Points of Contact to circulate the survey, and will liaise with the Philippines as a project input.
- d) **Progress towards Adopting and Implementing the WTO Reference Paper (Canada):** Ms. Susan JOHNSTON presented the document, current as of TEL 37. A new version will be prepared for TEL 39. Action item: Canada to circulate a request for updates.
- e) **Workshops on Capacity Building on Telecommunications Trade rules and Regulatory Disciplines (Singapore):** Ms Geraldine Lim presented an update of the status on the Workshop on Capacity Building on Telecommunications Trade Rules and Regulatory Disciplines, which was a new proposal put up and approved at TEL37 seeking funding of \$248,920 from the TILF account for the 2- year project. The Co-sponsors are Australia, Canada, HK, Malaysia and Chinese Taipei. The objective is to assist APEC member economies better understand trade rules and regulatory disciplines by providing training in order to assist in the formulation of domestic regulatory measures and facilitate the adoption of WTO telecommunication disciplines. The intention was also for the workshop could also leverage on the other LSG projects relating to GATS (such as the Reference Paper guide and document Domestic Regulation, liberalization stocktake, document on Progress towards adopting and implementing the WTO Reference Paper). These may feed into the Workshop as reference and training materials. The workshop also hopes to work towards more concrete deliverables from the series of workshops such as developing best practice guides for RTAs & FTAs.

Ms Lim thanked the 2 QAF assessors, Malaysia & Hong Kong, for the hard work in completing the assessments and meeting the strict requirements set by the APEC Secretariat. The proposal has cleared the initial assessment phase by the Secretariat Assessment Panel in September 08 and will be tabled for discussions at APEC Budget Management Committee (BMC) on 21-22 October 08.

If the funding does not materialize or is reduced, TEL could explore having economies share the financial burden; requesting economies to fund speakers & experts; reducing the number of international trainers and using experts from within the region instead; cutting down amount of funding for travel eligible economies or cutting down to 1 year project (instead of 2) to reduce the quantum of funding. In view of TEL's recommendation to hold this workshop back to back to TEL39, it is expected that this will boost the participation level

of the workshop. Economies are requested to consider (i) possibility of co-funding; (ii) sending experts and (iii) sending trainees on own budget. It is also requested that co-sponsors to notify their APEC Secretariat / BMC representatives to look out for the proposal at the upcoming BMC and to support the proposal for funding.

Action items: co-sponsors and other LSG members are asked to consider supporting the workshop. Possible forms could include (a) financial support from trade facilitation budgets; (b) contributions of experts or expertise. In addition, Singapore will circulate a draft agenda as soon as possible, in order that economies can identify and target possible areas for contribution.

- f) **NGNs paper** USA: Ms. Anita DEY presented a summary of work that the TEL has undertaken with regard to NGNs over the past few years. This document will continue to be updated

7. MRA Task Force Meeting Report (MRA Task Force Chair)

Mr George Tannahill (US), Chair of the Task Force, provided a brief report of the Mutual Recognition Arrangement (MRA) Task Force meetings held on Sunday and Monday. The written document has been circulated separately.

8. New Project Proposals: presentations

- a) Workshop on Universal Access to Broadband Services (Philippines)
The Philippines proposed a two-day workshop on Universal Access to Broadband services in Singapore, in April 2009. The Philippines proposed the session as a joint undertaking with DSG, and the LSG has approved the project. The Convenor noted the importance of this issue, and very clearly articulated the guidance given to us by our Ministers at TELMIN 7. Action items: The Philippines will coordinate with Australia regarding the work underway within the LSG on Universal Service Strategies. INTUG will provide guidance regarding discussions on the definition of open access networks.
- b) International Mobile roaming (Australia, co-sponsored by Indonesia and New Zealand). This self-funded project will consist of a survey of issues related to international mobile roaming, and Australia has proposed a half-day workshop to take place at APEC TEL 39. Survey inputs would focus on publicly available information, recognizing the significant commercial confidentiality issues that can be associated with this issue. Forward discussions would include survey findings, as well as possible presentations from industry about the evolution of related business models and technologies. New Zealand noted the importance of this topic for trade facilitation within the APEC region. An Oversight Committee was established to support Australia, including Canada, Indonesia, Japan, New Zealand, Peru, the Philippines, Singapore, the USA, and INTUG. Action items: Australia to circulate the proposed survey, and related deadline information to TEL Points of Contact. INTUG to follow up on expertise within their organization. ASEAN members to explore information-sharing about work underway on this topic within ASEAN.

9. Next Meeting and future work

- a) Consideration of New Project Proposals and priority setting
 1. UABS – APPROVED
 2. International Mobile Roaming – Survey and half-day workshop for TEL 39 – APPROVED
- b) Review of suggested workshops, activities and topics for the next TEL meeting

I. MRA Task Force, 2 x 0.5 day, plus 0.5 day drafting session

- II. Industry Futures Roundtable, 0.5 day; Singapore suggested that a possible theme for the Industry Roundtable at TEL 39 may revolve around the theme of “Leveraging on Infocomm by SMEs for growth and innovation”. SMEs are important contributors to the economy, and Governments should offer pro-business initiatives to enable SMEs to exploit new opportunities and stay competitive in this fast changing environment. The Roundtable will allow for exchanges between industry and the governments / policy makers / regulators to discuss how to accelerate the adoption and innovative use of infocomm by SMEs, so that they can exploit infocomm to sharpen their competitiveness. Also, the TELMIN 7 Bangkok Declaration called for ongoing efforts to provide users, including SMEs, within APEC economies with the knowledge and skills they need to deal effectively with these threats and to cultivate a culture of security. This is a cross cutting issue with SPSG and to some extent, cross cutting with DSG on ICT adoption and development issues of SMEs. This is something we should encourage in the interest of a stronger collaboration with other SGs. 3 possible sub-themes suggested are:

- Unique issues faced such SMEs / market situation / security issues
- Promoting the use of infocomm among SMEs, Encouraging ICT adoption, ICT programmes, incentives for SMEs
- SME’s perspective. Problems faced, how they govt initiatives have benefited etc

China highlighted that the APEC Group SME had a recent meeting and suggested that TEL can check with the Chair of the SME Working Group or the representatives on discussions at that platform and possibility of information sharing. An oversight committee, consisting of Singapore, with support from Australia, Canada, Chile, the USA, and INTUG, has been established.

- III. TEL 39 Regulatory Roundtable: Singapore suggested NGN as a possible theme of the Regulatory Roundtable at TEL 39 in Singapore. She highlighted to the fact that there were some discussions at the information exchange session and interest expressed by economies to know about some of the recent developments in some economies on NGN infrastructure, the regulatory approaches and issues such as operational and structural separation. It is perhaps timely for TEL to examine if NGN is going to be the catalyst will contribute to the first holistic change to the ICT market since the introduction of liberalization and the internet. The Regulatory Roundtable can also look at role of government in NGN development, funding as well as

regulatory issues of open access to NGNBN, structural and operational separation, industry structures etc. Informal consultations also point to interest that this may be an issue which LSG should look at.

The following topic and sub-theme can therefore be considered:

- NGN – Heralding a New Era in the ICT Market?
- NGN - the bedrock of new, innovative communications services?
- NGN - the communications highway of the future?

Subthemes may include:

- (A) How NGN has developed worldwide
 - Describe how NGN is affecting the global business and regulatory environment
 - Illustrate how NGN has affected selected countries' development.
- (B) Regulating NGN to bring about vibrant service competition
 - o How governments approached the advent of NGN?
 - o Models
- (C) NGN Business Strategy
 - What different NGN business models have emerged / are likely to emerge?
- (D) Opportunities and Possibilities created by NGN
 - o NGN Services / initiatives

Australia, Canada, US, New Zealand (??), INTUG expressed interest to work with the host country to further develop the agenda for the Regulatory Roundtable.

- IV. International mobile roaming discussion – 0.5 days – details above
- V. Universal Access to Broadband Services – 2.0 days (joint with DSG)
- VI. Workshop on Capacity Building on Telecommunications Trade Rules and Regulatory Disciplines – 5.0 Days previously approved)
- VII. Best Practices vis-à-vis Decisions (following the workshop on Engaging Stakeholders and Consultations): some time for a drafting group discussion.

10. Other Business

- TEL/LSG success stories: comments regarding draft LSG language to be provided to the LSG Convenor not later than Wednesday, October 22.
- Project proposals 101: Copies of the SPSG Convenor's excellent presentation are available upon request.